

THE SHARE MARKET COMPARED TO THE PROPERTY MARKET

An advantage of the share market compared to the property market, is that you can see the value of your shares in an instant. You can also sell at any time and have the proceeds in your bank account in a couple of days. There is a lot less stress and effort compared to selling your family home.

Once you know the price of your shares and decide to sell, it is a very quick process. If the price is higher than when you bought, you have made a profit and if its less, you take a loss. The main advantage is that you can accurately see the price and the trend instantly.

The real estate market is not so simple. It isn't as easy to get an accurate market price in an instant and your money in the bank in a day or so! Houses also vary from one to another making direct comparisons difficult. Web sites like "onthehouse.com.au" are notoriously inaccurate in areas like The Range where the volume of sales is limited and neighbouring properties are often poles apart.

The housing market rises and falls but it is much more subtle. Because house sales are far less numerically than share sales and take much longer to transpire, its more difficult to obtain an up to the minute "price" of your home.

It is obvious there are interesting times ahead for our property market here. Yes, the Sunshine Coast is booming at present. However, Sydney and Melbourne house prices have dropped substantially and are forecast to continue to decline this year. Combine that with a damning banking Royal Commission, a tightening credit squeeze and a federal election probably in May and it is possible that there will be downward pressure on our prices as well.

Our agency is dealing with mature buyers who have been declined bank loans for the first time in their lives as banks tighten their lending criteria. Yes, our interest rates are at historical lows but our household debt is at record highs. Some of the banks' scandalous lending practises have been exposed and commentators are suggesting there is a risk the credit squeeze will turn into a credit crunch.

If you are on the market or thinking of selling your house, we suggest you seek advice from your agent, your valuer and your financial planner. Talk to your agent, listen to their advice as they are the ones with their ear "closest to the ground" regarding changes in the local house prices, both up and down!

And remember, " Don't Sign Anything" unless you are safe.



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